

**LAND BOARD AGENDA ITEM**

**September 15th, 2008**

**FINAL APPROVAL FOR LAND BANKING ACQUISITION:**

**Valentine Water Project**

<b>Seller:</b>	DNRC, Water Resources Division
<b>Prospective Buyer:</b>	State of Montana, Department of Natural Resources and Conservation
<b>Location:</b>	Approximately sixteen miles north of Winnett
<b>Property Characteristics:</b>	Ranch property consisting of 304 acres. This total includes approximately 2 miles of predominate riparian zone along Blood Creek.
<b>Recreational Opportunities:</b>	Good upland bird, deer and antelope hunting opportunities
<b>Access:</b>	Legal access via adjacent state school trust land adjacent to the Valentine county road.
<b>Expected Annual Income to Trust Beneficiaries:</b>	\$1,500
<b>Appraised Value/Purchase Price:</b>	\$500/acre x 300 acres = \$150,000.
<b>Proposed Closing Date:</b>	By December 31 <sup>st</sup> , 2008

## **FINAL APPROVAL FOR LAND BANKING ACQUISITION Valentine Water Project**

### **Background**

The proposed purchase of the 304 acre Valentine Water Project north of Winnett in eastern Fergus County received preliminary approval from the Board of Land Commissioners (Board) in July, 2008. Since then, the DNRC has engaged in evaluation of the property as per Land Banking Rules, ARM 36.25.815.

### **Selection Considerations and Process**

The primary purpose for this land transaction is to maintain in public ownership an intact block of 624 acres of DNRC land which would enable the continued efficient management of school trust land and perpetuate recreational access to a portion of the Blood Creek drainage.

The Valentine Water Project was constructed in 1937 for the purpose of irrigation and is owned by the DNRC, Water Resources Division. The project failed in 1962 and was never reconstructed. 320 acres of school trust land are located between the two parcels of WRD land that constitute the Valentine Water Project. The Valentine Water Project no longer serves any function for the WRD and it is their intention to sell the property if not sold to the school trust for management by the TLMD. Monetary payment for the transfer is required by statute and monies received would be deposited into the water storage account.

The Divisions share a common lessee, the Sluggett Ranch, who would continue to operate under an existing lease agreement. This property transfer will continue DNRC ownership of the land, and will result in no change in use by either the lessee or the public.

### **Agency Recommendation:**

The DNRC recommends the Board give final approval for acquisition of the Valentine Water Project.

### Due Diligence Property Evaluation Summary

ACQUISITION REPORT	EXPLANATION
<b>Seller's Disclosure</b>	N/A (State owned)
<b>Annual Rate of Return over 20 years</b>	1.00%
<b>Average Annual Rate of Return of Property Sold</b>	0.80%
<b>Annual Income</b>	<p>\$1,493 (82 AUM at \$18.21 per AUM )</p> <p>– The existing WRD lease to the Slugget Ranch would be adopted by TLMD until expiration in 2016 when the lands would be incorporated into the adjoining TLMD lease agreement.</p>
<b>Classification of Property</b>	Grazing
<b>Soils/Range</b>	<p>Upland soils in this unit are mainly clay loams and used as rangeland. They are poorly suited to cropland due to salt and alkali content. Slopes are predominately 0 – 8 %. The Kobar, silty clay loams make up approximately 15% of the unit and have slopes of 2 – 25% on steep to very steep side slopes. The bottomland soils make up the majority of the unit and are deep well drained soils. Poorly suited to crop and hay production due to dissection of drainage ways and the hazard of flooding. This would be typical of an overflow range site. These soils have capability classes from class IV to class VII.</p>
<b>Vegetation</b>	<p>The upland areas support a potential plant community consisting of western wheatgrass, green needlegrass and nuttalls saltbrush. Crested wheatgrass was introduced into the area and dominates the native plant community. The overflow range site area supports a potential plant community consisting of western wheatgrass, green needlegrass and needleandthread grass. Created wheatgrass and Kentucky bluegrass (introduced species) dominate the site.</p>
<b>Range Condition</b>	Good. The Slugget Ranch holds a number of state leases and is a good grass manager.

<b>Weeds</b>	Isolated patches of Canada thistle.
<b>Timber Cruises</b>	No commercial timber exists on the property.
<b>Water</b>	Blood Creek, a perennial stream, west to east for two miles through the property.
<b>Water Rights</b>	No State owned water rights transfer with this property. Blood Creek flows through the parcels, with a stock pond at the old reservoir site.
<b>Wildlife (T&amp;E)</b>	Good upland game bird and deer hunting opportunity. No T&E species are know to occur on site.
<b>Fisheries</b>	None
<b>Wetlands/Flood Plain</b>	Blood creek and its associated flood plain course two miles through the property.
<b>Riparian Characteristics</b>	Two miles of Blood Creek riparian habitat in fair to good condition
<b>Cultural Values</b>	None
<b>Mineral Characteristics</b>	The parcel is in an area of oil and gas exploration but no current development exists on the property or adjoining state land.
<b>Aesthetic Values</b>	The property has the typical characteristics of a prairie stream bottom with remnant cottonwood stands providing for a scenic area. Recreational home development is occurring in the area.
<b>Recreational Use</b>	Good upland game bird hunting, deer and antelope hunting.
<b>Zoning</b>	None
<b>Planning</b>	None
<b>Surrounding Land Use</b>	320 acres of school trust land are located between the two parcels of land that constitute the Valentine Water Project. The Valentine Water Project lands and existing trust lands are fenced in common. This requires common management of livestock to assure that that cropland incorporated into the fenced boundaries is not grazed until after harvest.

	The adjoining trust land provides legal access to the Valentine project from a county road.
<b>Potential for Multiple Use</b>	The primary use of the property is livestock grazing. The property receives recreational use during hunting season. There is some potential for mineral development.
<b>Access to Parcel</b>	The Valentine county road provides access to adjoining school trust land that in turn provides access to the Valentine Water Project.
<b>Infrastructure</b>	None
<b>Adjacent Public Lands</b>	320 acres of state school trust land.
<b>Adjacent Conservation Easements</b>	None
<b>Appraised Value</b>	\$150,000
<b>Purchase Price</b>	\$150,000
<b>Summary of Title report</b>	N/A (State Owned)
<b>Summary Phase 1 Site Analysis</b>	No environmental concerns were identified
<b>Notification to Commissioners and Adjacent Land Owners</b>	This is an internal property transfer between divisions of the DNRC and as such will not affect other land owners or county government. No public involvement process has been conducted.
<b>Comments Received During Public Involvement Process</b>	None